

REPORT SUBMITTED FOR INCLUSION IN AGENDA OF:	
	TASK TEAM SCREENING COMMITTEE MEETING (DATE)
X	DMMS / EXCO MEETING OF (DATE)
X	SECTION 79/80 MEETING OF (DATE)
X	JULYORAL COMMITTEE MEETING OF (DATE)
X	COUNCIL MEETING OF (DATE)
X	BUDGET STEERING COMMITTEE MEETING OF (DATE)
CLUSTER: FINANCE	
DEPARTMENT: BUDGET OFFICE	
AUTHOR: S.H. MOKGETHI	
DATE GENERATED: 14 SEPTEMBER 2023	
AUTHORISED:	
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CFO:	MM:
DATE: _____	DATE: _____

ITEM

SECTIONS 71 REPORT FOR THE MONTH ENDED 31 AUGUST 2023 (MONTHLY BUDGET STATEMENT)

PURPOSE

The purpose of the report is to present the monthly budget statement to the EXCO, the Executive Mayor and the National and Provincial Treasuries in terms of section 71 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) for the month ended 31 August 2023.

The statement also serves, additional to reporting on the implementation of the budget, to:

- Report on the progress on the implementation of the Budget Funding Plan which was approved by Council on 30 May 2023 (Item A4881);
- Report on the progress on the implementation of the Debt Relief Conditions as required by MFMA Circular 124 and the National Treasury Letter of approval dated 30 June 2023; and
- Report on the implementation of the Financial Recovery Plan Gauteng Provincial Executive has intervened at the Emfuleni Local Municipality in terms of Section 139 (1) (b) and Section 139 (5) (a) of the Constitution read with Section 139 on the Municipal Finance Management Act (MFMA) (Act No. 56 of 2003).

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PART 1 – IN YEAR REPORT

1. Executive Summary

1.1 Total Revenue

The revenue for the month of August 2023 amounts to R 605 million against the monthly budget of R681 million resulting in a variance of -11% for the month. The year-to-date actual total revenue as of end of August 2023 is R 1, 574 billion which is 19% of the total budgeted revenue.

The favourable balance is a result of the first tranche of the equitable share which was received during the month of July 2023. The first tranche of the equitable share is the largest of the three tranches that the municipality receives for the year. Note should however be taken of revenue items which performed below projections as discussed in section 2 below.

All the amounts in the report are drawn from the financial system and exclude any amount which may have not been captured in the system.

1.2 Total Expenditure

The actual total expenditure for the month of August 2023 amounts to R 636 million and the monthly budget of R 681 million. This is due to the high bulk electricity account for the month. The year-to-date expenditure amounts to R 930 million. The deficit for the month amounts R 180 million.

Please take note of the expenditure which is not captured in the financial system as discussed under paragraph 3 below.

Table 1 – Summary

Summary Statement of Financial Performance: YTD Budget (TOTAL BUDGET)						
Description	Approved Budget	Monthly Budget	Monthly actual	Monthly Variance	Year-To-Date Actual	%Year-To-Date Actual
(Rands)(Thousands)						
Total Operational Revenue (includes capital transfers and subsidies)	8,176,395	681,366	605,079	-11%	1,574,892	19%
Total Operational Expenditure includes capital transfers and contributions)	8,176,395	681,366	785,890	15%	930,255	11%
TOTAL SURPLUS / (DEFICIT)	0	0	- 180,811	-	644,637	-

2. Operational Revenue

Table 2 – Operational Revenue by Source

Summary Statement of Financial Performance: YTD Budget (Operational)						
Description	Approved Budget	Monthly Budget	Monthly actual	Monthly Variance	Year-To-Date Actual	%Year-To-Date Actual
Revenue by Source (Rands) (Thousands)						
Exchange Revenue						
Service charges - Electricity	3,717,875	309,823	367,727	19%	681,875	18%
Service charges - Water	991,315	82,610	69,409	-16%	135,170	14%
Service charges - Waste Water Management	322,935	26,911	25,494	-5%	51,120	16%
Service charges - Waste management	229,283	19,107	15,631	-18%	31,700	14%
Sale of Goods and Rendering of Services	49,369	4,114	3,766	-8%	4,541	9%
Agency services	0	0	0	-	0	-
Interest	0	0	0	-	0	-
Interest earned from Receivables	128,135	10,678	10,383	-3%	20,017	16%
Interest from Current and Non-Current Assets	89	7	1,745	23551%	2,739	3093%
Dividends	0	0	0	-	0	-
Rent on Land	0	0	0	-	0	-
Rental from Fixed Assets	17,448	1,454	1,332	-8%	2,632	15%
Licence and permits	157	13	22	66%	35	22%
Operational Revenue	5,105	425	199	-53%	259	5%
Non-Exchange Revenue						
Property rates	1,209,708	100,809	103,255	2%	192,847	16%
Surcharges and Taxes	0	0	0	-	0	-
Fines, penalties and forfeits	131,396	10,950	3	-100%	103	0%
Licence and permits	0	0	0	0%	0	-
Transfers and subsidies - Operational	1,139,415	94,951	4,108	-96%	448,284	39%
Interest	18,345	1,529	2,006	31%	3,504	19%
Fuel Levy	0	0	0	0%	0	-
Operational Revenue	0	0	0	0%	0	-
Gains on disposal of Assets	0	0	0	0%	0	-
Other Gains	0	0	0	0%	67	-
Discontinued Operations	0	0	0	0%	0	-
TOTAL OPERATIONAL REVENUE	7,960,575	663,381	605,079	-9%	1,574,892	20%

EXCHANGE REVENUE

Electricity Revenue

The monthly billed revenue for electricity for the month amounts to R 367 million against the month budget of R309 million resulting in a favourable variance 19%. The variance amount is due to the winter season consumption and tariff. The variance is material.

Water Revenue

The monthly billing for water service is R 69 million against the month budget of R82 million. The unfavourable variance is -16%. The variance amount is material. Winter is a low consumption period for water and higher water billings are expected in the autumn and summer months.

Waste Water Revenue

The monthly billing for water service is R 25 million against the month budget of R29 million. The unfavourable variance is -5%. The variance amount is material. Winter is a low consumption period for water resulting in lower usage of sanitation.

Waste Management

The billing for the month for waste management is R 15 million against the month budget of R19 million. The unfavourable variance is -18%. The variance amount is material. Waste management as a service has been under-performing and has posted deficits in previous periods.

NON-EXCHANGE REVENUE

Property Rates

The monthly billing for the month of August 2023 is R 103 million against the month budget of R100 million. The favourable variance is 2%. The variance amount is not material.

Fine, penalties and forfeits (non-exchanged revenue)

The recorded revenue for the month of August is R 3 thousand against the month budget of R 10 million. The unfavourable variance is -99%. The variance amount is material.

This is as a result of accounting or processing of issued fines in the financial system. The complete processing of fines on the financial system is performed at the end of the financial year. Engagements have been made with the traffic fines system provider to align and integrate the traffic fines system to the main financial system which will result in up-to-date balances.

Transfers and Subsidies

The revenue recognised against this line items include the receipts of equitable share and revenue recognised from operational conditional grant and subsidies.

The revenue recognised for the month of August is R 4 million and the actual year-to-date movement is R 448 million.

3. Operational Expenditure

Table 3 – Operational Expenditure by Type

Summary Statement of Financial Performance: YTD Budget (Operational)						
Description	Approved Budget	Monthly Budget	Monthly actual	Monthly Variance	Year-To-Date Actual	%Year-To-Date Actual
(Rands)(Thousands)						
Employee related costs	1,533,206	127,767	105,050	-18%	210,209	14%
Remuneration of councillors	70,192	5,849	5,017	-14%	9,899	14%
Bulk purchases - electricity	2,440,770	203,398	379,854	87%	379,886	16%
Inventory consumed	1,099,364	91,614	196,420	114%	197,167	18%
Debt impairment	1,432,374	119,365	0	-100%	0	0%
Depreciation and amortisation	513,349	42,779	0	-100%	30,702	6%
Interest	0	0	66,399	-	66,399	-
Contracted services	367,135	30,595	14,803	-52%	16,409	4%
Transfers and subsidies	2,200	183	18	-90%	18	1%
Irrecoverable debts written off	0	0	0	-	0	-
Operational costs	175,673	14,639	11,907	-19%	13,144	7%
Losses on Disposal of Assets	0	0	0	-	0	-
Other Losses	0	0	6,422	-	6,422	-
TOTAL OPERATIONAL EXPENDITURE	7,634,265	636,189	785,890	24%	930,255	12%

Employee related costs

The actual expenditure incurred for employee cost for the month of August 2023 is R 105 million against the month budget of R 127 million. The favourable variance is -18%. The variance amount is material. The saving is due to budgeted but unfilled posts. The Human Resources department is still processing applications for vacancies which advertised in May, June and July 2023.

Councillors Allowances

The actual expenditure incurred for councillors' allowances for the month of August 2023 is R 5 million against the monthly budget of R 5.8 million. The favourable variance is 14%. The variance amount is material. The variance is due to the annual adjustment which will only be implemented when the gazette on the Remuneration of Public Office Bearers is published later during the annual financial year.

Bulk purchases- Electricity

The expenditure incurred for the month of August amounts to R 379 million against the budget of R203 million. The variance amount is due to the winter season consumption and tariff. The variance is material.

Inventory consumed (inclusive of water inventory / bulk water)

The expenditure incurred for the month of August amounts to R 196 million against the budget of R 91 million. The variance is material.

Debt Impairment

No amount was recorded for the month. The assessment for debt impairment is done annually and gets recorded on the financial system during the last month of the financial year.

Depreciation and assets impairment

No amount was recorded for the month. The asset impairment is recorded at the end of a financial year after an assessment of the condition of all assets has been completed.

Finance Charges

The expenditure incurred for the month of August is R66 million. This is due to the high bulk creditors accounts.

Contracted Services

The actual expenditure recognised for the month of August is R 14 million against the month budget of R 30 million. The favourable variance is 52%. The variance amount is material. The expenditure incurred at the beginning of a financial year is low due to procurement processes.

Transfers and subsidies

This line item is for the mayor's bursary programme.

Operational Costs

The actual expenditure recognised for the month of August is R 11 million against the month budget of R 14 million. The favourable variance is 19%. The variance amount is material.

The breakdown of the expenditure is attached as **Annexure B** of the report.

4. In-year budget statement tables

Table 4 – GT421 Emfuleni - Table C1 Monthly Budget Statement Summary – M2 August

GT421 Emfuleni - Table C1 Monthly Budget Statement Summary - M02 August

Description	Budget Year 2023/24								
	2022/23 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Financial Performance									
Property rates	1,148,120	1,209,708	1,209,708	103,255	192,847	201,618	(8,771)	-4%	1,209,708
Service charges	4,394,563	5,261,408	5,261,408	478,260	899,865	876,901	22,963	3%	5,261,408
Investment revenue	5,887	-	-	-	-	-	-	-	-
Transfers and subsidies - Operational	5,887	89	89	1,745	2,739	15	2,724	18460%	89
Other own revenue	1,672,337	1,489,370	1,489,370	21,885	479,441	248,228	231,213	93%	-
Total Revenue (excluding capital transfers and contributions)	7,226,796	7,960,575	7,960,575	605,145	1,574,892	1,326,762	248,129	19%	7,960,575
Employee costs	1,251,424	1,533,206	1,533,206	105,050	210,209	255,536	(45,326)	-	1,533,206
Remuneration of Councillors	63,542	70,192	70,192	5,017	9,899	11,699	(1,800)	-	70,192
Depreciation and amortisation	617,171	513,349	513,349	-	30,702	85,558	(54,857)	-	513,349
Interest	603,554	-	-	66,399	66,399	-	66,399	-	-
Inventory consumed and bulk purchases	4,173,512	3,540,134	3,545,229	576,274	577,053	590,864	(13,811)	-	3,545,229
Transfers and subsidies	2,003	2,200	2,200	18	18	367	(349)	-95%	2,200
Other expenditure	2,419,055	1,975,183	1,970,188	33,132	35,975	328,372	(292,397)	-89%	1,970,188
Total Expenditure	9,130,260	7,634,265	7,634,365	785,890	930,255	1,272,396	(342,141)	-27%	7,634,365
Surplus/(Deficit)	(1,903,464)	326,310	326,210	(180,744)	644,637	54,366	590,271	1086%	326,210
Transfers and subsidies - capital (monetary)	120,761	215,820	215,820	-	-	-	-	-	215,820
Transfers and subsidies - capital (in-kind)	43,816	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(1,738,887)	542,130	542,030	(180,744)	644,637	54,366	590,271	1086%	542,030
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	(1,738,887)	542,130	542,030	(180,744)	644,637	54,366	590,271	1086%	542,030
Capital expenditure & funds sources									
Capital expenditure	371,958	542,130	542,030	745	2,800	90,338	(87,538)	-97%	542,030
Capital transfers recognised	149,365	215,820	215,820	-	-	35,970	(35,970)	-100%	215,820
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	222,593	326,310	326,210	745	2,800	54,368	(51,568)	-95%	326,210
Total sources of capital funds	371,958	542,130	542,030	745	2,800	90,338	(87,538)	-97%	542,030
Financial position									
Total current assets	2,835,060	6,878,383	6,878,383	-	4,419,898	-	-	-	6,878,383
Total non current assets	12,233,912	12,540,834	12,540,734	-	11,596,198	-	-	-	12,540,734
Total current liabilities	9,827,034	9,336,598	9,336,598	-	10,786,075	-	-	-	9,336,598
Total non current liabilities	387,091	210,237	210,237	-	387,091	-	-	-	210,237
Community wealth/Equity	7,247,618	15,996,787	15,996,787	-	5,994,306	-	-	-	15,996,787
Cash flows									
Net cash from (used) operating	247,355	-	-	-	-	-	-	-	-
Net cash from (used) investing	(247,407)	14	14	-	16	2	(13)	-562%	14
Net cash from (used) financing	-	-	-	-	-	-	-	-	-
Cash/cash equivalents at the month/year end	129,352	276,106	276,106	-	101,336	276,094	174,758	63%	101,334
Debtors & creditors analysis									
	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total
Debtors Age Analysis									
Total By Income Source	659,748	370,801	268,372	243,331	239,137	224,088	1,390,327	4,837,389	8,233,194
Creditors Age Analysis									
Total Creditors	492,456	132,062	283,837	146,877	572,635	150,498	159,390	6,873,074	8,810,828

Table 5 – GT421 Emfuleni - Table C2 Monthly Budget Statement - Financial Performance (functional classification) – M12 August 2023

GT421 Emfuleni - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M02 August

Description	Ref	2022/23		Budget Year 2023/24						
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Revenue - Functional										
Governance and administration		1,223,522	1,255,456	1,255,456	106,490	198,342	209,243	(10,901)	-5%	1,255,456
Executive and council		576	7,229	7,229	174	175	1,205	(1,030)	-86%	7,229
Finance and administration		1,222,946	1,248,227	1,248,227	106,316	198,167	208,038	(9,871)	-5%	1,248,227
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		467,799	229,600	229,600	4,801	6,180	38,267	(32,087)	-84%	229,600
Community and social services		414,444	137,606	137,606	615	1,188	22,934	(21,746)	-95%	137,606
Sport and recreation		1	0	0	-	0	0	0	119%	0
Public safety		471	38,236	38,236	(7)	17	6,373	(6,356)	-100%	38,236
Housing		8,932	9,229	9,229	751	1,504	1,538	(34)	-2%	9,229
Health		43,952	44,529	44,529	3,442	3,471	7,422	(3,951)	-53%	44,529
Economic and environmental services		1,120,838	237,381	237,381	2,525	447,758	39,563	408,195	1032%	237,381
Planning and development		1,117,240	235,881	235,881	2,510	447,735	39,313	408,421	1039%	235,881
Road transport		3,356	1,500	1,500	14	23	250	(227)	-91%	1,500
Environmental protection		242	-	-	0	0	-	0	#DIV/0!	-
Trading services		4,579,215	6,453,957	6,453,957	491,329	922,612	1,075,660	(153,048)	-14%	6,453,957
Energy sources		3,047,376	4,039,406	4,039,406	373,122	692,782	673,234	19,548	3%	4,039,406
Water management		951,967	1,377,340	1,377,340	72,743	141,340	229,557	(88,217)	-38%	1,377,340
Waste water management		393,868	603,768	603,768	29,214	55,705	100,628	(44,923)	-45%	603,768
Waste management		186,003	433,444	433,444	16,250	32,785	72,241	(39,455)	-55%	433,444
Other	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	7,391,374	8,176,395	8,176,395	605,145	1,574,892	1,362,732	212,159	16%	8,176,395
Expenditure - Functional										
Governance and administration		1,757,845	1,160,167	1,157,238	135,291	176,966	193,097	(16,131)	-8%	1,157,238
Executive and council		183,064	184,488	186,488	12,102	23,855	30,930	(7,075)	-23%	186,488
Finance and administration		1,555,848	948,311	943,382	122,067	150,805	157,606	(6,801)	-4%	943,382
Internal audit		18,933	27,368	27,368	1,123	2,306	4,561	(2,255)	-49%	27,368
Community and public safety		849,185	545,271	548,219	30,577	64,013	91,147	(27,134)	-30%	548,219
Community and social services		513,589	206,787	206,787	6,813	13,601	34,465	(20,863)	-61%	206,787
Sport and recreation		28,111	25,965	25,965	1,989	3,924	4,328	(403)	-9%	25,965
Public safety		169,087	189,227	189,227	14,221	28,223	31,538	(3,315)	-11%	189,227
Housing		65,812	47,976	47,976	1,531	6,407	7,996	(1,589)	-20%	47,976
Health		72,586	75,315	78,264	6,023	11,857	12,821	(964)	-8%	78,264
Economic and environmental services		585,225	534,953	535,033	17,063	43,998	89,173	(45,174)	-51%	535,033
Planning and development		148,691	255,016	255,096	12,069	24,141	42,516	(18,375)	-43%	255,096
Road transport		371,524	243,848	243,848	2,942	15,558	40,641	(25,083)	-62%	243,848
Environmental protection		65,010	36,090	36,090	2,051	4,298	6,015	(1,717)	-29%	36,090
Trading services		5,937,083	5,392,939	5,392,939	602,876	645,089	898,823	(253,735)	-28%	5,392,939
Energy sources		3,404,867	3,090,132	3,090,132	390,269	409,535	515,022	(105,487)	-20%	3,090,132
Water management		2,002,789	1,781,699	1,781,699	195,484	202,271	296,950	(94,679)	-32%	1,781,699
Waste water management		312,753	298,003	298,003	7,909	16,064	49,667	(33,603)	-68%	298,003
Waste management		216,673	223,104	223,104	9,214	17,219	37,184	(19,965)	-54%	223,104
Other		921	935	935	83	189	156	33	21%	935
Total Expenditure - Functional	3	9,130,260	7,634,265	7,634,365	785,890	930,255	1,272,396	(342,141)	-27%	7,634,365
Surplus/ (Deficit) for the year		(1,738,887)	542,130	542,030	(180,744)	644,637	90,336	554,301	614%	542,030

Table 6 – GT421 Emfuleni - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) – M12 March

GT421 Emfuleni - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M02 August

Vote Description	Ref	2022/23	Budget Year 2023/24							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue by Vote	1									
Vote 01 - Executive & Council		576	-	-	174	175	-	175	#DIV/0!	-
Vote 02 - Municipal Manager		-	7,229	7,229	-	-	1,205	(1,205)	-100.0%	7,229
Vote 03 - Financial Services		2,172,523	1,255,497	1,255,497	107,774	644,585	209,249	435,335	208.0%	1,255,497
Vote 04 - Corporate Services		35,080	2,500	2,500	20	20	417	(397)	-95.2%	2,500
Vote 05 - Basic Services		4,700,651	6,660,013	6,660,013	491,344	922,705	1,110,002	(187,297)	-16.9%	6,660,013
Vote 06 - Agriculture, Economic Development Planning & Human S		15,918	18,198	18,198	1,270	2,251	3,033	(782)	-25.8%	18,198
Vote 07 - Public Safety & Community Development		466,625	232,958	232,958	4,563	5,156	38,826	(33,670)	-86.7%	232,958
Vote 08 -		-	-	-	-	-	-	-	-	-
Vote 09 -		-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	7,391,374	8,176,395	8,176,395	605,145	1,574,892	1,362,732	212,159	15.6%	8,176,395
Expenditure by Vote	1									
Vote 01 - Executive & Council		137,715	169,976	169,976	11,802	23,148	28,330	(5,181)	-18.3%	169,976
Vote 02 - Municipal Manager		136,021	137,280	137,280	10,068	14,519	22,880	(8,361)	-36.5%	137,280
Vote 03 - Financial Services		1,088,270	511,512	511,512	86,930	100,585	85,252	15,332	18.0%	511,512
Vote 04 - Corporate Services		308,982	265,254	265,354	13,966	25,429	44,226	(18,797)	-42.5%	265,354
Vote 05 - Basic Services		6,325,321	5,758,446	5,758,446	612,304	671,566	959,742	(288,175)	-30.0%	5,758,446
Vote 06 - Agriculture, Economic Development Planning & Human S		123,110	126,753	126,753	6,188	15,525	21,126	(5,600)	-26.5%	126,753
Vote 07 - Public Safety & Community Development		1,010,841	665,043	665,043	44,632	79,482	110,841	(31,359)	-28.3%	665,043
Vote 08 -		-	-	-	-	-	-	-	-	-
Vote 09 -		-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	9,130,260	7,634,265	7,634,365	785,890	930,255	1,272,396	(342,141)	-26.9%	7,634,365
Surplus/ (Deficit) for the year	2	(1,738,887)	542,130	542,030	(180,744)	644,637	90,336	554,301	613.6%	542,030

Table 7 – GT421 Emfuleni - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) – M12 August

GT421 Emfuleni - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M02 August										
Description	Ref	2022/23	Budget Year 2023/24							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue										
Exchange Revenue										
Service charges - Electricity		2,994,225	3,717,875	3,717,875	367,727	681,875	619,646	62,229	10%	3,717,875
Service charges - Water		916,716	991,315	991,315	69,409	135,170	165,219	(30,049)	-18%	991,315
Service charges - Waste Water Management		303,963	322,935	322,935	25,494	51,120	53,823	(2,703)	-5%	322,935
Service charges - Waste management		179,659	229,283	229,283	15,631	31,700	38,214	(6,514)	-17%	229,283
Sale of Goods and Rendering of Services		48,430	49,369	49,369	3,766	4,541	8,228	(3,687)	-45%	49,369
Agency services								-		
Interest								-		
Interest earned from Receivables		91,430	128,135	128,135	10,383	20,017	21,356	(1,339)	-6%	128,135
Interest from Current and Non Current Assets		5,887	89	89	1,745	2,739	15			89
Dividends								-		
Rent on Land								-		
Rental from Fixed Assets		15,437	17,448	17,448	1,332	2,632	2,908	(276)	-9%	17,448
Licence and permits		161	157	157	22	35	26	9	33%	157
Operational Revenue		16,483	5,105	5,105	199	259	851	(591)	-70%	5,105
Non-Exchange Revenue										
Property rates		1,148,120	1,209,708	1,209,708	103,255	192,847	201,618	(8,771)	-4%	1,209,708
Surcharges and Taxes								-		
Fines, penalties and forfeits		408,343	131,396	131,396	3	103	21,899	(21,796)	-100%	131,396
Licence and permits								-		
Transfers and subsidies - Operational		1,046,857	1,139,415	1,139,415	4,108	448,284	189,903	258,381	136%	1,139,415
Interest		19,773	18,345	18,345	2,006	3,504	3,058	446	15%	18,345
Fuel Levy								-		
Operational Revenue								-		
Gains on disposal of Assets		-	-	-	-	-	-	-		-
Other Gains		31,310	-	-	67	67	-	67	#DIV/0!	-
Discontinued Operations								-		
Total Revenue (excluding capital transfers and contributions)		7,226,796	7,960,575	7,960,575	605,145	1,574,892	1,326,762	248,129	19%	7,960,575
Expenditure By Type										
Employee related costs		1,251,424	1,533,206	1,533,206	105,050	210,209	255,536	(45,326)	-18%	1,533,206
Remuneration of councillors		63,542	70,192	70,192	5,017	9,899	11,699	(1,800)	-15%	70,192
Bulk purchases - electricity		2,700,546	2,440,770	2,440,770	379,854	379,886	406,795	(26,909)	-7%	2,440,770
Inventory consumed		1,472,966	1,099,364	1,104,459	196,420	197,167	184,069	13,098	7%	1,104,459
Debt impairment		1,514,134	1,432,374	1,432,374	-	-	238,729	(238,729)	-100%	1,432,374
Depreciation and amortisation		617,171	513,349	513,349	-	30,702	85,558	(54,857)	-64%	513,349
Interest		603,554	-	-	66,399	66,399	-	66,399	#DIV/0!	-
Contracted services		588,016	367,135	362,175	14,803	16,409	60,363	(43,954)	-73%	362,175
Transfers and subsidies		2,003	2,200	2,200	18	18	367	(349)	-95%	2,200
Irrecoverable debts written off		-	-	-	-	-	-	-		-
Operational costs		254,456	175,673	175,638	11,907	13,144	29,280	(16,136)	-55%	175,638
Losses on Disposal of Assets		61,019	-	-	-	-	-	-		-
Other Losses		1,430	-	-	6,422	6,422	-	6,422	#DIV/0!	-
Total Expenditure		9,130,260	7,634,265	7,634,365	785,890	930,255	1,272,396	(342,141)	-27%	7,634,365
Surplus/(Deficit)		(1,903,464)	326,310	326,210	(180,744)	644,637	54,366	590,271	0	326,210
Transfers and subsidies - capital (monetary allocations)		120,761	215,820	215,820	-	-	-	-		215,820
Transfers and subsidies - capital (in-kind)		-	-	-	-	-	-	-		-
Surplus/(Deficit) after capital transfers & contributions		(1,782,703)	542,130	542,030	(180,744)	644,637	54,366			542,030
Income Tax										
Surplus/(Deficit) after income tax		(1,782,703)	542,130	542,030	(180,744)	644,637	54,366			542,030
Share of Surplus/Deficit attributable to Joint Venture										
Share of Surplus/Deficit attributable to Minorities										
Surplus/(Deficit) attributable to municipality		(1,782,703)	542,130	542,030	(180,744)	644,637	54,366			542,030
Share of Surplus/Deficit attributable to Associate										
Intercompany/Parent subsidiary transactions										
Surplus/ (Deficit) for the year		(1,782,703)	542,130	542,030	(180,744)	644,637	54,366			542,030

Table 8 – GT421 Emfuleni - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification, and funding) – M12 August

GT421 Emfuleni - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M02 August										
Vote Description	Ref	2022/23		Budget Year 2023/24						
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Multi-Year expenditure appropriation	2									
Vote 01 - Executive & Council		-	-	-	-	-	-	-	-	-
Vote 02 - Municipal Manager		-	-	-	-	-	-	-	-	-
Vote 03 - Financial Services		1,028	2,000	2,000	-	-	333	(333)	-100%	2,000
Vote 04 - Corporate Services		35,199	28,310	28,210	-	-	4,702	(4,702)	-100%	28,210
Vote 05 - Basic Services		335,222	500,070	500,070	745	2,800	83,345	(80,545)	-97%	500,070
Vote 06 - Agriculture, Economic Development Planning & Human Settlement		-	-	-	-	-	-	-	-	-
Vote 07 - Public Safety & Community Development		508	11,750	11,750	-	-	1,958	(1,958)	-100%	11,750
Total Capital Multi-year expenditure	4,7	371,958	542,130	542,030	745	2,800	90,338	(87,538)	-97%	542,030
Capital Expenditure - Functional Classification										
Governance and administration		35,662	30,310	30,210	-	-	5,035	(5,035)	-100%	30,210
Executive and council		-	-	-	-	-	-	-	-	-
Finance and administration		35,662	30,310	30,210	-	-	5,035	(5,035)	-100%	30,210
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		-	8,750	8,750	-	-	1,458	(1,458)	-100%	8,750
Community and social services		-	1,000	1,000	-	-	167	(167)	-100%	1,000
Sport and recreation		-	3,550	3,550	-	-	592	(592)	-100%	3,550
Public safety		-	4,200	4,200	-	-	700	(700)	-100%	4,200
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		147,208	212,580	212,580	-	-	35,430	(35,430)	-100%	212,580
Planning and development		93,452	193,080	193,080	-	-	32,180	(32,180)	-100%	193,080
Road transport		53,756	16,500	16,500	-	-	2,750	(2,750)	-100%	16,500
Environmental protection		-	3,000	3,000	-	-	500	(500)	-100%	3,000
Trading services		189,088	290,490	290,490	745	2,800	48,415	(45,615)	-94%	290,490
Energy sources		129,835	238,990	238,990	745	2,800	39,832	(37,031)	-93%	238,990
Water management		8,143	47,000	47,000	-	-	7,833	(7,833)	-100%	47,000
Waste water management		51,110	2,500	2,500	-	-	417	(417)	-100%	2,500
Waste management		-	2,000	2,000	-	-	333	(333)	-100%	2,000
Other		-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional Classification	3	371,958	542,130	542,030	745	2,800	90,338	(87,538)	-97%	542,030
Funded by:										
National Government		105,400	211,620	211,620	-	-	35,270	(35,270)	-100%	211,620
Provincial Government		39,485	4,200	4,200	-	-	700	(700)	-100%	4,200
District Municipality		-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educ Institutions)		4,480	-	-	-	-	-	-	-	-
Transfers recognised - capital		149,365	215,820	215,820	-	-	35,970	(35,970)	-100%	215,820
Borrowing	6	-	-	-	-	-	-	-	-	-
Internally generated funds		222,593	326,310	326,210	745	2,800	54,368	(51,568)	-95%	326,210
Total Capital Funding		371,958	542,130	542,030	745	2,800	90,338	(87,538)	-97%	542,030

The approved capital budget amounts to R 542 129 900 (five hundred and forty-two one hundred and twenty-nine nine hundred rand).

The capital budget is funded by different sources of income, which are the national allocations in terms of Division of Revenue Act, Provincial allocation in term of provincial gazette of allocations to municipalities and the internal revenue from surpluses from municipal service charges.

The capital expenditure is low at the beginning of the period due to procurement processes that are still unfolding.

The Capital expenditure per project is attached as **Annexure C**

Table 9 – GT421 Emfuleni - Table C6 Monthly Budget Statement - Financial Position – M12 August

GT421 Emfuleni - Table C6 Monthly Budget Statement - Financial Position - M02 August						
Description	Ref	2022/23	Budget Year 2023/24			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash and cash equivalents		85,188	276,092	276,092	(54,345)	276,092
Trade and other receivables from exchange transactions		854,700	3,899,548	3,899,548	2,297,918	3,899,548
Receivables from non-exchange transactions		184,325	788,484	788,484	421,853	788,484
Current portion of non-current receivables						
Inventory		38,794	116,542	116,542	34,723	116,542
VAT		1,573,243	1,797,718	1,797,718	1,637,046	1,797,718
Other current assets		98,809	-	-	82,702	-
Total current assets		2,835,060	6,878,383	6,878,383	4,419,898	6,878,383
Non current assets						
Investments		16	14	14	16	14
Investment property		997,878	997,878	997,878	997,878	997,878
Property, plant and equipment		11,220,216	11,522,131	11,522,031	10,581,551	11,522,031
Biological assets						
Living and non-living resources						
Heritage assets		57	57	57	57	57
Intangible assets		15,745	20,754	20,754	16,696	20,754
Trade and other receivables from exchange transactions		-	-	-	-	-
Non-current receivables from non-exchange transactions						
Other non-current assets						
Total non current assets		12,233,912	12,540,834	12,540,734	11,596,198	12,540,734
TOTAL ASSETS		15,068,973	19,419,217	19,419,117	16,016,096	19,419,117
LIABILITIES						
Current liabilities						
Bank overdraft		-	-	-	-	-
Financial liabilities		0	-	-	0	-
Consumer deposits		63,483	65,059	65,059	63,879	65,059
Trade and other payables from exchange transactions		9,352,007	10,442,716	10,442,716	10,108,198	10,442,716
Trade and other payables from non-exchange transactions		48,634	-	-	51,335	-
Provision		169,991	152,552	152,552	169,991	152,552
VAT		192,918	(1,323,730)	(1,323,730)	392,672	(1,323,730)
Other current liabilities		-	-	-	-	-
Total current liabilities		9,827,034	9,336,598	9,336,598	10,786,075	9,336,598
Non current liabilities						
Financial liabilities		(0)	-	-	(0)	-
Provision		387,091	210,237	210,237	387,091	210,237
Long term portion of trade payables		-	-	-	-	-
Other non-current liabilities		-	-	-	-	-
Total non current liabilities		387,091	210,237	210,237	387,091	210,237
TOTAL LIABILITIES		10,214,124	9,546,834	9,546,834	11,173,166	9,546,834
NET ASSETS	2	4,854,848	9,872,383	9,872,283	4,842,930	9,872,283
COMMUNITY WEALTH/EQUITY						
Accumulated surplus/(deficit)		7,247,618	15,996,787	15,996,787	5,994,306	15,996,787
Reserves and funds		-	-	-	-	-
Other		-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	2	7,247,618	15,996,787	15,996,787	5,994,306	15,996,787

Table 10 – Cash Flow (municipal own template)

ACTUAL CASH FLOW FOR JULY 2023 TO JUNE 2024			
	JULY	AUG	Year to date
	Actual	Actual	
	2022	2022	
Opening balance	83,312,687	169,587,902	
TOTAL RECEIPTS			
RATES	64,313,882	72,407,923	136,721,805
ELECTRICITY	99,329,319	147,462,189	246,791,508
PREPAID ELECTRICITY	19,777,688	27,373,141	47,150,829
REFUSE	6,975,562	8,226,095	15,201,657
SEWER	13,335,664	15,911,936	29,247,600
WATER	40,548,108	41,626,661	82,174,768
SUN DEBT	16,343,832	7,835,232	24,179,064
RENTAL OF FACILITIES	1,300,041	1,332,047	2,632,088
LICENCES AND PERMITS	12,990	21,670	34,660
FINES	100,725	2,513	103,238
INTEREST ON OUTSTANDING DEBTORS	11,131,200	12,388,910	23,520,111
EXCESS	26,558,292		26,558,292
OTHER	99,259	112,260	211,519
TOTAL OPERATING	299,826,561	334,700,578	634,527,140
INVESTMENTS WITHDRAWN			-
MIG/CAPITAL			-
EQUITABLE SHARE	444,177,000		444,177,000
GRANTS	912,667	2,200,000	3,112,667
HEALTH SUBSIDIES			-
RECEIVER OF REVENUE (VAT REFUND)			-
SHORT TERM LOAN RECEIVED			-
SUB-TOTAL	445,089,667	2,200,000	447,289,667
TOTAL INCOME	744,916,228	336,900,578	1,081,816,806
TOTAL PAYMENTS			
EMPLOYEE RELATED COSTS	129,617,544	58,797,973	188,415,517
COUNCILLOR REMUNERATION	4,882,200	5,017,070	9,899,270
ESKOM	321,766,940		321,766,940
RAND WATER			-
RECEIVER(VAT)			-
CAPITAL EXPENDITURE			-
REPAYMENT OF BORROWINGS			-
LEASES			-
INVESTMENTS MADE			-
INSURANCE PREMIUM			-
COURT ORDER		337,763,351	
GENERAL EXPENDITURE	202,374,328	28,442,352	230,816,680
TOTAL EXPENDITURE	658,641,012	430,020,745	1,088,661,758
Bank Balance	169,587,902	76,467,736	
Investments - operational funds	738,036	742,460	
OPERATIONAL BANK BALANCE	170,325,938	77,210,195	
(includes operational investment)			
CASHBOOK BALANCE	169,587,902	76,467,736	
	(0)	(0)	-

Opening Balance

The municipality had a favourable bank balance at the beginning of the month of an amount of R 169 million and the closing balance is a positive amount of R 169 million. Please take note that Pillar no.1 of the Budget Funding Plan requires that the municipality should maintain a positive cash balance.

PART 2 – SUPPORTING DOCUMENTATION

5. Debtors' Analysis

The total gross debtors balance as at the end of August 2023 is R8.223 billion which represents an increase of 2% or R143 million on the July balance of R 8.09 billion. In terms of consumption type the highest debtors' amounts relate to Water Consumption at 37% and Electricity Consumption at 22% of the total gross debtors. 84% of the debtors are older than 90 days.

Please also take note that debtors accounts were written off by the municipality in **August 2021** in terms of a Council resolution.

Table 11

GT421 Emfuleni - Supporting Table SC3 Monthly Budget Statement - aged debtors - M02 August													
Description	Budget Year 2023/24										Total over 90 days		
	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total				
R thousands													
Debtors Age Analysis By Income Source													
Trade and Other Receivables from Exchange Transactions - Water	117,028	78,027	73,915	61,952	59,452	57,975	344,205	2,064,909	2,857,463	2,588,493	37%		
Trade and Other Receivables from Exchange Transactions - Electricity	356,912	172,375	97,254	89,898	89,093	79,433	547,677	717,816	2,150,458	1,523,918	22%		
Receivables from Non-exchange Transactions - Property Rates	92,688	55,794	36,150	33,531	30,717	29,531	167,840	664,392	1,110,644	926,012	13%		
Receivables from Exchange Transactions - Waste Water Management	35,223	22,320	19,893	18,279	17,587	16,975	101,398	558,740	790,415	712,979	10%		
Receivables from Exchange Transactions - Waste Management	20,359	12,525	11,862	11,093	10,911	10,808	65,152	348,187	490,897	446,151	6%		
Receivables from Exchange Transactions - Property Rental Debtors									-	-	0%		
Interest on Arrear Debtor Accounts	12,886	12,594	12,841	12,585	13,326	13,326	70,232	208,390	356,180	317,859	5%		
Recoverable unauthorised, irregular, fruitless and wasteful expenditure									-	-	0%		
Other	24,654	17,166	16,456	15,994	18,051	16,040	93,823	274,954	477,137	418,862	6%		
Total By Income Source	659,748	370,801	268,372	243,331	239,137	224,088	1,390,327	4,837,389	8,233,194	6,934,273	100%		
Debtors Age Analysis By Customer Group													
Organs of State	35,790	17,374	9,796	7,692	7,596	7,179	50,420	161,267	297,115	234,155	3%		
Commercial	391,326	190,660	114,840	107,415	104,613	95,258	597,498	658,354	2,259,964	1,563,139	23%		
Households	232,253	162,428	143,523	128,032	126,744	121,492	741,451	4,013,880	5,669,804	5,131,600	74%		
Other	380	339	212	191	185	158	959	3,888	6,311	5,380	0%		
Total By Customer Group	659,748	370,801	268,372	243,331	239,137	224,088	1,390,327	4,837,389	8,233,194	6,934,273	100%		
	8%	5%	3%	3%	3%	3%	17%	59%	100%	84%			

6. Age Creditors Analysis

The creditors balance as of 31 August 2023 amounts to R 8.319 billion which represents a growth of R 491 million or 6% on the balance of R 8,32 billion in July 2023. The increase is due to the high bulk electricity account for the month of July 2023. The bank accounts was attached by creditors and the account could be paid.

90% of the debt is older than 90 days. This is due to the bulk electricity and water creditors which have been outstanding for a long time. The Eskom and Rand Water creditors balance comprises 94% of the total creditors balance broken down as follows (82% + 12%) respectively.

Table 12

GT421 Emfuleni - Supporting Table SC4 Monthly Budget Statement - aged creditors - M02 August											
Description	Budget Year 2023/24									Prior year totals for chart (same period)	
	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total		
R thousands											
Creditors Age Analysis By Customer Type											
Bulk Electricity	466,996	–	190,156	9,699	463,340	(3,250)	40,223	6,058,039	7,225,203	5,481,856	82%
Bulk Water	1,881	131,297	(40,192)	82,757	84,385	99,048	82,940	655,002	1,097,117	833,384	12%
Trade Creditors	23,580	765	133,873	54,421	24,910	54,699	36,226	160,033	488,507	277,691	6%
Total By Customer Type	492,456	132,062	283,837	146,877	572,635	150,498	159,390	6,873,074	8,810,828	6,592,931	100%
	6%	1%	3%	2%	6%	2%	2%	78%	100%		

8. Allocation and Grants Receipts and Expenditure

Table 14 - GT421 Emfuleni - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts – M12 August

GT421 Emfuleni - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M02 August									
Description	2022/23	Budget Year 2023/24							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
RECEIPTS:									
Operating Transfers and Grants									
National Government:	988,775	1,079,629	1,079,629	108	444,284	179,938	264,345	146.9%	1,079,629
Energy Efficiency and Demand Side Management Grant	4,000	-	-	-	-	-	-		-
Equitable Share	971,080	1,066,025	1,066,025	10	444,185	177,671	266,515	150.0%	1,066,025
Expanded Public Works Programme Integrated Grant	1,799	1,242	1,242	-	-	207	(207)	-100.0%	1,242
Local Government Financial Management Grant	2,186	2,200	2,200	98	98	367	(268)	-73.2%	2,200
Municipal Infrastructure Grant	9,710	10,162	10,162	-	-	1,694	(1,694)	-100.0%	10,162
Provincial Government:	39,819	43,457	43,457	3,211	3,211	7,243	(4,032)	-55.7%	43,457
Capacity Building and Other Grants	39,819	43,457	43,457	3,211	3,211	7,243	(4,032)	-55.7%	43,457
District Municipality:	11,403	13,830	13,830	770	770	2,305	(1,535)	-66.6%	13,830
<i>Specify (Add grant description)</i>	11,403	13,830	13,830	770	770	2,305	(1,535)	-66.6%	13,830
Other grant providers:	6,860	2,500	2,500	20	20	417	(397)	-95.2%	2,500
<i>Arcelor Mittal</i>	3,115	-	-	-	-	-	-		-
<i>Education Training and Development Practices SETA</i>	3,745	2,500	2,500	20	20	417	(397)	-95.2%	2,500
<i>Registration of Deeds Trade Account</i>	-	-	-	-	-	-	-		-
Total Operating Transfers and Grants	1,046,857	1,139,415	1,139,415	4,108	448,284	189,903	258,381	136.1%	1,139,415
Capital Transfers and Grants									
National Government:	120,761	211,620	211,620	-	-	35,270	(35,270)	-100.0%	211,620
Integrated National Electrification Programme Grant	14,323	3,540	3,540	-	-	590	(590)	-100.0%	3,540
Municipal Infrastructure Grant	106,438	193,080	193,080	-	-	32,180	(32,180)	-100.0%	193,080
Neighbourhood Development Partnership Grant	-	15,000	15,000	-	-	2,500	(2,500)	-100.0%	15,000
Provincial Government:	39,364	4,200	4,200	-	-	700	(700)	-100.0%	4,200
<i>Capacity Building and Other Grants</i>	-	4,200	4,200	-	-	700	(700)	-100.0%	4,200
<i>Infrastructure Grant</i>	39,364	-	-	-	-	-	-		-
District Municipality:	-	-	-	-	-	-	-	-	-
<i>[insert description]</i>									
Other grant providers:	4,452	-	-	-	-	-	-	0.0%	-
<i>National Library South Africa</i>	360	-	-	-	-	-	-		-
<i>Product</i>	4,092	-	-	-	-	-	-		-
Total Capital Transfers and Grants	164,578	215,820	215,820	-	-	35,970	(35,970)	-100.0%	215,820
TOTAL RECEIPTS OF TRANSFERS & GRANTS	1,211,435	1,355,235	1,355,235	4,108	448,284	225,873	222,411	98.5%	1,355,235

Table 15 - GT421 Emfuleni - Supporting Table SC71 Monthly Budget Statement - transfers and grant expenditure – M12 August

GT421 Emfuleni - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - M02 August										
Description	Ref	2022/23	Budget Year 2023/24							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
EXPENDITURE										
Operating expenditure of Transfers and Grants										
National Government:		1,660,061	817,004	812,503	112,806	146,092	135,763	10,329	7.6%	812,503
Energy Efficiency and Demand Side Management Grant		3,478	-	-	-	-	-	-		-
Equitable Share		1,641,552	803,400	798,899	112,462	145,433	133,496	11,938	8.9%	798,899
Expanded Public Works Programme Integrated Grant		1,564	1,242	1,242	-	-	207	(207)	-100.0%	1,242
Local Government Financial Management Grant		1,555	2,200	2,200	98	197	367	(170)	-46.4%	2,200
Municipal Infrastructure Grant		11,911	10,162	10,162	246	463	1,694	(1,231)	-72.7%	10,162
Provincial Government:		30,232	43,457	44,505	2,211	4,356	7,338	(2,982)	-40.6%	44,505
Capacity Building and Other Grants		30,232	43,457	44,505	2,211	4,356	7,338	(2,982)	-40.6%	44,505
District Municipality:		12	13,830	13,830	-	-	2,305	(2,305)	-100.0%	13,830
Specify (Add grant description)		12	13,830	13,830	-	-	2,305	(2,305)	-100.0%	13,830
Other grant providers:		7,275	2,500	2,500	-	-	417	(417)	-100.0%	2,500
Arcelor Mittal		3,115	-	-	-	-	-	-		-
Education Training and Development Practices SETA		4,161	2,500	2,500	-	-	417	(417)	-100.0%	2,500
Total operating expenditure of Transfers and Grants:		1,697,580	876,791	873,337	115,017	150,448	145,823	4,626	3.2%	873,337
Capital expenditure of Transfers and Grants										
National Government:		105,400	211,620	211,620	-	-	35,270	(35,270)	-100.0%	211,620
Integrated National Electrification Programme Grant		12,456	3,540	3,540	-	-	590	(590)	-100.0%	3,540
Local Government Financial Management Grant		566	-	-	-	-	-	-		-
Municipal Infrastructure Grant		92,378	193,080	193,080	-	-	32,180	(32,180)	-100.0%	193,080
Neighbourhood Development Partnership Grant		-	15,000	15,000	-	-	2,500	(2,500)	-100.0%	15,000
Provincial Government:		39,485	4,200	4,200	-	-	700	(700)	-100.0%	4,200
Capacity Building and Other Grants		120	4,200	4,200	-	-	700	(700)	-100.0%	4,200
Infrastructure Grant		39,364	-	-	-	-	-	-		-
District Municipality:		-	-	-	-	-	-	-		-
Other grant providers:		4,092	-	-	-	-	-	-		-
National Library South Africa		387	-	-	-	-	-	-		-
Product		4,092	-	-	-	-	-	-		-
Total capital expenditure of Transfers and Grants		148,977	215,820	215,820	-	-	35,970	(35,970)	-100.0%	215,820
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		1,846,557	1,092,610	1,089,157	115,017	150,448	181,793	(31,344)	-17.2%	1,089,157

9. Councillor and Board Member Allowances and Employee Benefits

Please take note that an upward adjustment has yet to be implementing pending the relevant government gazette.

Table 16 - GT421 Emfuleni - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M02 August

GT421 Emfuleni - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M02 August										
Summary of Employee and Councillor remuneration	Ref	2022/23	Budget Year 2023/24							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
	1	A	B	C						D
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		44,378	49,830	49,830	3,374	6,628	8,305	(1,677)	-20%	49,830
Pension and UIF Contributions		6,506	7,215	7,215	502	990	1,202	(213)	-18%	7,215
Medical Aid Contributions		1,039	1,057	1,057	95	189	176	13	7%	1,057
Motor Vehicle Allowance		8,285	8,833	8,833	740	1,480	1,472	8	1%	8,833
Cellphone Allowance		3,333	3,258	3,258	306	612	543	69	13%	3,258
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		-	-	-	-	-	-	-	-	-
Sub Total - Councillors		63,542	70,192	70,192	5,017	9,899	11,699	(1,800)	-15%	70,192
% increase	4		10.5%	10.5%						10.5%
Senior Managers of the Municipality										
Basic Salaries and Wages	3	6,067	16,265	16,265	483	955	2,711	(1,756)	-65%	16,265
Pension and UIF Contributions		729	2,189	2,189	55	110	365	(255)	-70%	2,189
Medical Aid Contributions		114	176	176	12	24	29	(5)	-18%	176
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance		448	1,632	1,632	38	76	272	(196)	-72%	1,632
Cellphone Allowance		82	200	200	7	13	33	(20)	-61%	200
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		1	17	17	0	0	3	(3)	-97%	17
Payments in lieu of leave		857	-	-	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	2	-	-	-	-	-	-	-	-	-
Entertainment		-	-	-	-	-	-	-	-	-
Scarcity		-	-	-	-	-	-	-	-	-
Acting and post related allowance		1,372	-	-	-	71	-	-	-	-
In kind benefits		-	-	-	-	-	-	-	-	-
Sub Total - Senior Managers of Municipality		9,668	20,479	20,479	594	1,249	3,413	(2,164)	-63%	20,479
% increase	4		111.8%	111.8%						111.8%
Other Municipal Staff										
Basic Salaries and Wages		689,544	863,055	863,055	58,094	116,383	143,843	(27,460)	-19%	863,055
Pension and UIF Contributions		168,028	216,925	216,925	14,514	29,093	36,155	(7,061)	-20%	216,925
Medical Aid Contributions		63,105	75,911	75,911	5,402	10,851	12,652	(1,800)	-14%	75,911
Overtime		120,130	124,997	124,657	9,628	19,674	20,787	(1,113)	-5%	124,657
Performance Bonus		51,992	73,669	73,669	5,798	11,848	12,278	(431)	-4%	73,669
Motor Vehicle Allowance		58,679	93,991	93,991	5,570	11,225	15,665	(4,440)	-28%	93,991
Cellphone Allowance		4,233	5,000	5,000	366	734	833	(100)	-12%	5,000
Housing Allowances		4,436	4,888	4,888	379	762	815	(53)	-6%	4,888
Other benefits and allowances		10,192	18,431	18,631	785	1,477	3,105	(1,628)	-52%	18,631
Payments in lieu of leave		22,869	6,377	6,377	606	631	1,063	(431)	-41%	6,377
Long service awards		5,387	5,000	5,000	1,045	1,562	833	729	87%	5,000
Post-retirement benefit obligations	2	15,927	-	-	-	-	-	-	-	-
Entertainment		-	-	-	-	-	-	-	-	-
Scarcity		-	-	-	-	-	-	-	-	-
Acting and post related allowance		27,234	24,483	24,624	2,270	4,720	4,093	627	15%	24,624
In kind benefits		-	-	-	-	-	-	-	-	-
Sub Total - Other Municipal Staff		1,241,756	1,512,727	1,512,727	104,456	208,960	252,123	(43,162)	-17%	1,512,727
% increase	4		21.8%	21.8%						21.8%
Total Parent Municipality		1,314,966	1,603,399	1,603,399	110,067	220,109	267,235	(47,126)	-18%	1,603,399
			21.9%	21.9%						21.9%

PART 3 – PROGRESS ON THE BUDGET FUNDING PLAN

Positive Cash Flows

The municipality is required to maintain positive cash balances. Please also refer to Table 10 above.

Opening cash balance = R 169,587,902;
Closing cash balance = R 77,210,196

Reduction in non-core expenditure

Please take note of the comments on expenditure as made above. The expenditure for the month exceeds the revenue.

Trade Payables

Trade payables have increased as compared to the previous month as indicated earlier in the report.

Cash and Short-term liquidity

The liquidity ratios will be indicated and measured correctly once the processing in the system for the annual financial statements is completed.

Collection Rate

The debtor's collection rate on the billed services for the month of July 2023 is 51%. The debtor's collection rate on the billed services for the month of August 2023 is 71%. This is an improvement of 20% from the previous month of July 2023.

The collection rate per ward and supply area is attached hereto as **Annexure E**.

Distribution losses

Electricity distribution losses for the month ended 30 June 2023 are 22.2% and the losses from the previous month were 22.8%. The norm in terms MFMA Circular 71 is 7% – 10%. The losses are calculated on a quarterly basis and are not available for the month of August 2023.

Cumulative water losses are 63.8% as of 30 June 2023 and the recorded losses for the month are 68.3%. The norm in terms of MFMA Circular 123 is 15% - 30%.

The losses from both services remain stagnated during the financial year and it should be noted that assumptions factored in the annual budget will not materialise and this is due to but not limited to;

- Poor installation of electricity and water prepaid meters
- Unknown/ unrealistic consumption from flat rate areas
- Consumption of unmetered areas

There are a number of issues that need to be addressed by the municipality in order to reduce losses to acceptable norms.

PART 4 – PROGRESS ON ESKOM DEBT RELIEF (MFMA CIRCULAR 124)

#	CONDITION	ACHIEVED	PROGRESS
		Yes/ No/ N/A	
6.1	The National Treasury will only request Eskom to write-off a municipality's arrear debt, if the municipality demonstrates to the National Treasury's satisfaction, that the municipality complied with paragraph 6.2 to 6.14 for a consecutive period of 12 months.	N/A	Will be measured after a period of twelve consecutive months.
6.2	Submission of written application	Yes	Done on 31 July 2023
	Council resolution	Yes	Council resolved on 18 April 2023
	Other information (6.3 to 6.14)	Yes	Council agreed on all conditions
	Failure to comply with 6.1 to 6.14 conditions	Yes	Approval was granted at the end of June 2023 effective 01 June 2023.
	Upload of resolution and information	Yes	Done on 30 July 2023
6.3	Maintain the Eskom Current Account - The muni must have paid within 30 days of receiving the invoice:	No	The municipal bank account was attached by Eskom and Rand Water during the month of June and July. There was a court judgement in July 2023 which appointed ESKOM as a collection agency for Emfuleni Electricity Revenue. As a result agreement was reached with 216 business to pay electricity bill directly to ESKOM and this has affected the payment of the account for the month of July 2023. Communication has been made in a meeting and via letter to the National Treasury on the matter.
	(i) The Eskom current account; PLUS	No	Please refer to comment above.
	(ii) Any payment arrangement i.r.o NEW DEBT (March 2023 or any subsequent current not paid until the date NT approved the debt relief application	No	In process. The parties have also agreed in principle about making arrangement to pay off the account relating to March to July over a period of twelve months. This was also communicated in the report for the month of July 2023 with the ESKOM e-mail attached.

#	CONDITION	ACHIEVED	PROGRESS
		Yes/ No/ N/A	
6.4	Table and adopt a funded MTREF with effect the 2023/24 MTREF aligning to condition 6.4 (also iro cashflow budgeting, depreciation, asset impairment and debt impairment, NO operating deficit on A4)	Yes	The final budget was approved with a budget funding plan. Depreciation was provided for as informed by the actual collection rate, The depreciation was provided for sufficiently, there is no deficit in table A4. Asset impairment can be determined accurately only at the end of the reporting period. Progress on the Budget Funding Plan is reported on in the s71 narrative.
6.5	Cost reflective tariffs – with effect the tabling of the 2023/24 MTREF the tabled and adopted MTREF submissions must include the municipality's completed tariff tool.	Yes	The completed tariff tool for the final budget was submitted with the application. MFMA Circular 124 was issued after the draft budget was tabled.
6.6	Water/ Electricity as collection tools	Yes	Approved policy was amended to follow the order. Further amendments as required by the NT letter of approval have now been made and the revised policy will serve in Council in due time.
	Partial payments received are allocated in the following order of priority: firstly, to property rates, thereafter to water, wastewater, refuse removal and lastly to electricity	Yes	Approved policy was amended to follow the order. Further amendments as required by the NT letter of approval have now been made and the revised policy will serve in Council in due time.
	Report of identified defaulters and cut-offs (conventional Meters)	N/A	A list of disconnections for both employees and the general public. Please refer to Annexure G.
	System programming to restrict purchase of electricity (Prepaid Meters)	No	The programming is in progress. The current service provider who is installing electricity pre-paid meters has been engaged to allocate 10% of arrears in their area of supply. A new service provider has been appointed for the pre-paid sales and will allocate from the month of September 2023.

#	CONDITION	ACHIEVED	PROGRESS
		Yes/ No/ N/A	
	Report of identified defaulters and restrictions / interruptions	N/A	On water we are only able to restrict to a max of 6kl on 5,464 while on 52,693 we cannot do much as they do not have metres, while on 1,221 have no metres. On electricity we have 451 prepaid which are restricted to 50kwh. Please also refer to Annexure G.
	Amendment of policy to restrict supply of water	Yes	Approved policy was amended to follow the order. Further amendments as required by the NT letter of approval have now been made and the revised policy will serve in Council in due time.
	Amendment of policy to restrict purchase of electricity	Yes	Approved policy was amended to follow the order.
	System configuration to address the restriction	No	The programming is in progress.
	Amendment of policy to restrict supply of water	Yes	Approved policy was amended to follow the order.
	System configuration to address the restriction	No	The programming is in progress.
6.7	Maintain a minimum average quarterly collection of property rates and services charges	Yes	The collection rate for the month of August is 71%. Please refer to Annexure D.
	Report with statistics of implementation of credit control policy	N/A	Please refer to Annexure G.
	Calculation of collection rate for Eskom supplied areas	Yes	Please refer to Annexure D.
	Report on areas where restrictions / interruptions could not be effected (Eskom areas)	N/A	Please refer to Annexure G.
	MOU between ELM and Eskom for revenue collection in Eskom supplied areas (S76 to 78 of MSA)	No	In progress. There is a court order which was issued during July ordering that Eskom become the collection agents. Discussion between Eskom and ELM are in progress.
	Progress report on the installation of smart prepaid meters	N/A	Please refer to the report regarding electricity. New electricity meters since 01 July 2023 = 704. 597 (Split Pre-paid Smart Ready), 6 (LPU's Metering Online), 101 (Smart Meters)

#	CONDITION	ACHIEVED	PROGRESS
		Yes/ No/ N/A	
	Review debtors' book and consider write-offs of debt on a case-by-case basis in line with normal credit control processes	N/A	This will be done once the municipality has debt written-off by ESKOM.
	All new electricity connections should be smart prepaid meters from 1 July 2023	N/A	Please refer to the report regarding electricity. New electricity meters since 01 July 2023 = 704. 597 (Split Pre-paid Smart Ready), 6 (LPU's Metering Online), 101 (Smart Meters)
	Achieve a minimum collection rate of 80% (2023/24); 85% (2024/25) and 95% (2025/26)	Yes	The collection rate for the month of August is 71%. Please refer to Annexure D.
6.8	Completion of NT property rates reconciliation tool	Yes	<p>The variances identified in the recon submitted to NT.</p> <p>There was a total of 32,000 variances identified relating to properties. The following has been done:</p> <ul style="list-style-type: none"> * The issues identified on category, tariff and zoning issues have been addressed through assistance by BCX. * Supplementary VR from July 2022 to June 2023 have been updated. * Subsequently all the errors have been cleaned up and updated on the system. <p>The following issues are outstanding is currently WIP</p> <ul style="list-style-type: none"> * Linking of services to approximately 28,000 properties * Backdating processing of levies/ service charges on the relevant properties * The reconciliation will be updated again at the end of Sep 2023 as Q1 for the 2023/24 and will submit to NT.
	Develop action steps to address variances identified on the reconciliation	No	Please refer to the above comment
	Upload to GoMuni Portal	Yes	Uploaded on 31 July 2023
6.9	MFMA S71 Reporting - Monitoring of the implementation of the budget and budget funding plan	N/A	Please refer to the earlier narrative in this report.

#	CONDITION	ACHIEVED	PROGRESS
		Yes/ No/ N/A	
	Include active intervention for slow progress in the narratives of the MFMA S71 report	N/A	Please refer to the earlier narrative in this report.
	Monthly progress report on FRP to GPT / Provincial Executive	N/A	Detail on the FRP will be availed by the Office of the MM directly to the NT and the GPT.
	Monthly progress report on FRP to NT: Municipal Financial Recovery Services (MFRS)	N/A	Detail on the FRP will be availed by the Office of the MM directly to the NT and the GPT.
6.10	Submission of progress report and evidence to GPT	Yes	Please refer to Annexure F which is a self-assessment certificate by the municipality. The certificate from the GPT will be solicited after completion of the s71 report.
	Request a copy of a signed compliance certificate	Yes	Please refer to above comment.
	Upload signed certificate to GoMuni Portal	Yes	The certificate will be uploaded once received from the GPT.
6.11	No facilitation of any borrowing	Yes	No facilitation of borrowing was done in the months of April to July 2023.
6.12	Must apportion and ring-fence in a sub-account to its primary bank account:	Yes	The bank accounts have been opened. However no transacting have been done due to the bank attachment by ESKOM and Rand Water.
	a. all electricity, water and sanitation revenue the municipality collects in any month; and	No	Please refer to the comment above.
	b. the component of the Local Government Equitable Share (LGES) the municipality earmarked to provide free basic electricity, water and sanitation.	No	Please refer to the comment above.
	must monthly firstly apply the revenue in the sub-account (required per paragraph 6.12.1) to pay:	No	Please refer to the comment above.
	a. Eskom current account	No	Please refer to the comment above.
	b. and then secondly its bulk water current account	No	Please refer to the comment above.
	c. All other payments	No	Please refer to the comment above.
	Send/ Upload the bank statement for the ringfenced account to NT and GPT	No	Please refer to the comment above.

#	CONDITION	ACHIEVED	PROGRESS
		Yes/ No/ N/A	
6.13	The municipality must fully account for and correctly report on the write-off of its Eskom arrear debt (debt existing as on 31 March 2023) as per the written instruction of the National Treasury: Office of the Accountant General	N/A	No amounts have been written off by Eskom as yet.
6.14	Agreement to revoke NERSA licence on default	N/A	Council in its resolution to apply for the debt relief agreed to all the conditions in terms of FMA Circular 124..

PART 5 – PROGRESS ON THE FINANCIAL RECOVERY PLAN

Progress reports on the implementation of the Financial Recovery Plan will be submitted separately by the Office of the Municipal Manager to the Gauteng Treasury and to the National Treasury.

RESOLUTIONS

RECOMMENDATIONS

It is recommended that:

1. That the EXCO, the Executive Mayor, the National and Provincial Treasuries should take note of the section 71 of the MFMA for the month of August 2023
2. That EXCO, the Executive Mayor, the National and Provincial Treasuries should take note of the high creditors and debtors amounts.
3. That EXCO, the Executive Mayor, the National and Provincial Treasuries should take note of the variances in revenue and expenditure.
4. That EXCO, the Executive Mayor, the National and Provincial Treasuries should take note of the progress on the implementation of the Budget Funding Plan.
5. That EXCO takes note of the progress on the implementation of the debt relief conditions as contained in MFMA Circular 124., and
6. That EXCO, the Executive Mayor, the National and Provincial Treasuries should take note that the progress report on the implementation of the Financial Recovery Plan will be submitted separately by the Office of the Municipal Manager.